

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	Executive Contact/Phone:
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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

- a. Legislation Title:** AN ORDINANCE authorizing the Director of Finance and Administrative Services or the Director's designee to execute a series of four five-year leases (each conferring upon the tenant a five-year option to renew) with existing Seattle Municipal Tower restaurant/retail tenants: Sin Taek Chang and Jin Won Chang d/b/a Amigos! & Beba's; Hunjo Jung and Na Young Lee d/b/a Chew Chew's Eatery; RVJ Corporation, Inc., a Washington corporation, d/b/a Core Bistro; and Daniel Y. Kim and Michelle H. Kim, d/b/a Treasures and Gifts; and ratifying and confirming certain prior acts.

b. Summary and Background:

The Department of Finance and Administrative Services (FAS) seeks authority to enter into a series of four new five-year leases (each conferring up the tenant a five-year option to renew) with existing Seattle Municipal Tower restaurant/retail tenants.

In 1996, The City of Seattle acquired a leasehold interest in the real property commonly known as the Seattle Municipal Tower, a 62-story office tower with approximately 9,500 square feet of retail and restaurant space. The office tower is now home to many City departments. Several long-term leases (some of which have been in place for over ten years) recently came up for renewal: three restaurants (Amigo! & Beba's, Chew Chew's Eatery, and Core Bistro) and the Treasures and Gifts sundry and gift shop. Each of the four tenants is in good standing.

With the assistance of its property manager – CBRE, Inc., FAS reached agreement with the aforementioned, restaurant/retail tenants for new leases, each such new lease having an initial term of five years, plus a five-year option to renew, for a total term of ten years.

Note that, pursuant to a public benefit covenant, the 1,696 square-foot retail space on level 6 (presently tenanted by Chew Chew's Eatery) is dedicated to retail uses. The covenant is binding for the duration of the project.

Pursuant to Seattle Municipal Code subsection 3.127.010(B), the authority of the Director of FAS to execute leases is limited to those leases with a total term of five years or less. Here, where the term of each lease (inclusive of the five-year renewal option) exceeds the

five-year threshold, the Director now seeks the authority to execute leases for and on behalf of The City of Seattle.

Tenant	2017 Rent		Difference
	Budgeted	Per Proposed Lease	
Amigos! & Beba's	\$29,612	\$30,000	\$388
Core Bistro	31,130	27,000	(4,130)
Chew Chew's	28,085	27,000	(1,085)
Treasures and Gifts	17,479	28,500	11,021
	<u>\$106,306</u>	<u>\$112,500</u>	<u>\$6,194</u>
Rounds to			<u>\$6,000</u>

2. CAPITAL IMPROVEMENT PROGRAM

a. Does this legislation create, fund, or amend a CIP Project? ☐ Yes ☒ No

3. SUMMARY OF FINANCIAL IMPLICATIONS

a. Does this legislation amend the Adopted Budget? X Yes No

Budget program(s) affected:				
Appropriation change (\$):	General Fund \$		Other \$	
	2017	2018	2017	2018
Estimated Revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2017	2018	2017	2018
			\$6,000	\$6,000
Positions affected:	No. of Positions		Total FTE Change	
	2017	2018	2017	2018

- b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**

No.

- c. Is there financial cost or other impacts of *not* implementing the legislation?**

Yes. Absent implementation of this legislation, the aforementioned tenants would not be bound by an express lease. In that case, any one of the aforementioned tenants could cease operations, stop paying rent, and abandon the premises, leaving the City with a loss of revenue and possibly little or no legal recourse.

3.d. Appropriations

☐ This legislation adds, changes, or deletes appropriations.

3.e. Revenues/Reimbursements

- ☒ This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2017 Revenue	2018 Estimated Revenue
Facilities Operations Fund/50330	FAS	Incremental rent from third-party tenants (over and above rent already budgeted)	\$6,000	\$6,000
TOTAL				

Is this change one-time or ongoing?

Ongoing for the duration of the leases.

Revenue/Reimbursement Notes:

3.f. Positions

☐ This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?**

No.

- b. Is a public hearing required for this legislation?**

No.

- c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**

No.

- d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No.

- e. Does this legislation affect a piece of property?**

Yes; it affects four parts of the Seattle Municipal Tower.

- f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**

None and no.

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

Not applicable

- h. Other Issues:**

None

List attachments/exhibits below:

Summary Attachment A: Map of Property